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SENSITIVE

DEPARTMENT FOR DRL/IL, G/TIP, INL and SA/INS
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SUBJECT: DEPUTY SECRETARY OF LABOR LAW'S INDIA VISIT

1. (SBU) Summary: Deputy Secretary of Labor Steven J. Law's February 21-27 visit to India to review progress on the DOL-sponsored INDUS Child Labor effort and other DOL-sponsored projects was well received by GOI officials, project managers, and participants. The highest-ranking Labor Department official ever to visit India, D/S Law also met with national, state and local government officials, NGOs, and business leaders to discuss child labor and general labor-related issues. He was accompanied by representatives from DOL's International Child Labor Program and the Bureau of International Labor Affairs. The visit also focused attention on the problem of trafficking and bonded labor in India, indicating that these issues are likely to become areas of greater interest to DOL in the future. From the Mission standpoint, the INDUS projects are outstanding examples of "quiet successes" that address important humanitarian problems while also advancing US-India relations. End Summary.

INDUS Child Labor Project Site Visits

2. (U) D/S Law traveled to two INDUS project sites, Kanchipuram (Tamil Nadu) and Aurangabad (Maharashtra), meeting with officials and rehabilitated child laborers enrolled in school as a result of the INDUS Project on Preventing and Eliminating Child Labor in Identified Hazardous Sectors, a technical cooperation venture between the USG and GOI implemented and monitored by the ILO's International Program on the Elimination of Child Labor. D/S Law, accompanied by senior ILO officials, expressed satisfaction with the advanced state of the programs and with the efforts of local officials and project managers to coordinate activities with parents and employers. The INDUS project is currently providing educational and training opportunities to more than 44,000 children. The INDUS project appears to have made impressive progress in Tamil Nadu and Maharashtra, and the program is likely to reach over 100,000 children by the time it expires in 2007.

3. (U) After witnessing how the INDUS project had improved children's lives at both sites, the D/S commented that the programs there could serve as examples for the rest of India and South Asia region. Children and their parents spoke movingly about their aspirations for the future, with school children in Aurangabad imploring the USG to continue its support for the project beyond its anticipated three-year life. NGOs in Tamil Nadu commented that while the state government had been proactive on child labor, authorities needed to do a lot more to meet their goal of eradicating child labor by 2007 (one of the 15-point Action Plan goals of the state's Chief Minister). NGOs remarked that the legislative framework was good, but that enforcement had to be improved drastically.

ILO-DOL

4. (U) D/S Law also held discussions on two joint DOL-ILO projects -- Decent Employment for Women in India and the Prevention of HIV/AIDS. He noted that the success of these projects serves to engage Indian officials and could be replicable elsewhere in South Asia.

5. (U) During a visit to the Decent Employment for Women project site in New Delhi, D/S Law was moved by success stories that beneficiaries - economically deprived women - shared with him. Touring the shanty town slum just after a stop by visiting Afghan President Karzai, Law witnessed many women and children whose lives had undergone a distinct change after participating in the project. The project has trained over 3000 women in Bangalore and New Delhi, providing them with skills that have enabled them to find productive decent employment.

IJM/Bonded Labor

6. (SBU) In an expression of increasing DOL interest in the issue of bonded labor in India, the D/S met with

representatives from NGOs and the US-based International Justice Mission (IJM) in Chennai and Mumbai for briefings on child and bonded labor in India. He listened to the testimony of freed bonded laborers at a site visit on the outskirts of Chennai hosted by IJM. Workers recounted how entire families worked at rice mills in Tamil Nadu to pay off loans taken from the mill owners. The laborers indicated that while they had been rehabilitated under government-sponsored programs, they were free today largely due to the efforts of IJM activists. (Comment: The area from which the laborers were rescued has been under intense media and government scrutiny in recent months. In November 2004, India's National Commission for Women held a public hearing in the region on the condition of bonded laborers and castigated the local administration for not tackling the issue. A report of this hearing has been pouched to DRL and DOL/ILAB. End Comment.)

Software and Chambers of Commerce & Industry (FICCI)

17. (U) In Chennai, D/S Law held productive discussions with members of the National Association of Software and Service Companies (NASSCOM), India's largest and most important IT industry group (890 member firms), on the growing interaction between Indian and US businesses in high technology sectors. Arguing that outsourcing had become an integral part of the world economy that no one could stop, Indian participants expressed concern over the length of time it took to obtain visas (e.g. alleging twelve week waits for a six-week assignment), and urged the USG to develop a "business passport." Interlocutors also did not wish India to be viewed as "low cost labor," but rather "quality labor." In view of the extensive and rapidly expanding US-India linkages in the IT sector, interlocutors were especially keen to identify issues that could impact their future ties with US firms.

18. (U) D/S Law also met with a large group from the Federation of Indian Chambers of Commerce and Industry (FICCI), a major trade association headquartered in New Delhi. In a presentation on the overall labor scene in India, labor law expert Dr. C.S. Venkata Ratnam argued that reforms in India's archaic labor laws were necessary, but maintained that existing legislation was not a major impediment for companies (in-depth analysis follows septel). Ratnam also called for better enforcement of existing laws relating to child and forced labor.

19. (U) In each of his meetings with business executives, D/S Law stressed that while US-India economic ties would continue to grow, business leaders and politicians should pay more attention to social issues like child labor, which play an important role in the American debate on outsourcing. The D/S urged his interlocutors to use their influence with the GOI to prevent these social issues from becoming problems in the bilateral economic and political relationship, because this could affect otherwise strong and growing commercial relationships.

Ministry of Labor

10. (SBU) D/S Law met with Minister of Labor K. Chandra Shekar Rao, Labor Secretary K.M. Sahni, and Joint Secretary K. Chandramouli on February 24 to discuss the INDUS project and to reiterate US concerns over child labor in India. Briefing on his perspectives on the INDUS Projects, D/S Law noted that despite the slow start in negotiations, the project's results and commitment of local officials and NGOs had impressed him, but stressed that continued high-level GOI support was necessary to keep the programs on track.

11. (SBU) Asserting their strong commitment to preventing child labor, Ministry officials highlighted GOI efforts to create public awareness of the problem via the National Child Labor Project (NCLP) instituted by the government. In a meeting attended by the Ambassador, Labor Minister Rao described child labor as a "shame" and reiterated GOI commitment to remove children from all hazardous occupations by the end of 2007. The Minister stressed that India would approach this problem in a progressive manner as it had with bonded labor. Joint Secretary Chandramouli indicated that the GOI intends to incorporate lessons from the INDUS program into its NCLP plans, and that INDUS would become a catalyst for self-sustaining Indian efforts to combat child labor. He also observed that while the GOI had addressed the bonded labor problem via legislation, the problem of child labor was "much more complex."

Frank Talk

12. (SBU) Labor Secretary Sahni, Joint Secretary Chandramouli, and D/S Law later held a frank discussion on child labor and the possibility that India might be

downgraded in the upcoming Trafficking in Persons (TIP) report, which could impact World Bank loans and damage Indian's international image. D/S Law offered DOL cooperation in working with the Labor Ministry to help develop a strategy for dealing with the trafficking of child labor. Chandramouli commented that the definition of child labor was open to interpretation, and that there should be a distinction between forced/trafficked child labor and children who traditionally work with their families. Arguing that as long as a child was receiving an education, it was "acceptable to work at home," he said that the GOI "should not presume to know more than the parent" about children's welfare.

13. (SBU) Labor Secretary Sahni expressed the hope that the USG would view the child labor issue "in the broader Indian social context" (i.e. in view of widespread poverty), and not only as a possible trade policy issue that "could be used against India." He asked bluntly whether the USG was planning to raise TIP or child labor during trade and economic negotiations, as had happened in the WTO context, noting that he has had to be "very stiff with colleagues in the past" and wanted to be prepared for it. He asked the US delegation to organize an "experience sharing" regional South Asian mini-summit within the next four months to discuss trafficking issues and to compare notes with other regional leaders in combating this problem. He also expressed interest in further USG support to the NCLP in a "plus" capacity, specifically in funding micro-enterprise financial assistance credit for post-vocational training and help in setting up a business once child laborers complete their education under the INDUS Project, although made no direct request for USG assistance.

14. (SBU) Briefing on the other DOL-funded projects in India, Joint Secretary Chandramouli called the Coal Mine Safety and Health Project (that ends in June) "a tremendous success," adding that the GOI had hoped for a second phase of funding. Joint Secretary for Employment and Training K.K. Mittal briefed on the progress made on the Decent Employment for Women Project (that also ends in June). Observing that the GOI wanted to expand the project's reach to Mumbai and Kolkata, he requested that DOL consider funding an expansion of the project to these cities.

15. (SBU) After D/S Law expressed concern about bonded labor, Chandramouli maintained that it was a "very limited" phenomenon in India, with Sahni expressing surprise that it was still occurring at all and asking whether it was an issue the U.S. was "worried or concerned about." If the USG is concerned, he said, it was worth investigating, and asked for specific evidence. D/S Law pledged to pass along any specific information he received.

16. (SBU) The Ambassador also hosted a lunch for D/S Law that was attended by media, business, human rights and NGO leaders. The Ambassador called attention to the TIP issue, which he pointed out could become an irritant in US-India relations and could require the USG to have to vote against India in international lending institutions if India were to fall to Tier III from its position on the Tier II Special Watch List. This prompted a flurry of questions to the INL Office Director by business and media representatives about steps the GOI could take to forestall such a step. The INL Office Director discussed the issue at some depth with several guests, pledging to send them more information on TIP issues in India.

Comment

17. (SBU) D/S Law's visit was well received by the GOI and by media at the project sites, although his interest in bonded labor caused the Ministry of Labor to send a diplomatic note to the Embassy urging against a visit to the IJM site in Tamil Nadu, indicating continuing anxiety in parts of the state government and in New Delhi about calling attention to the bonded labor problem.

18. (U) From the Mission's standpoint, the INDUS projects are outstanding examples of "quiet successes" that address important humanitarian problems while also advancing US-India relations.

19. (U) D/S Law cleared this cable.
MULFORD